

**BLACK HAWK COUNTY SOLID WASTE
MANAGEMENT COMMISSION**

WATERLOO, IOWA

JUNE 30, 2016

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Officials

Name	Title	Representing
John Mardis	Chairperson	Small cities
Harold Getty	Vice Chairperson	City of Waterloo
Brian Heath	Secretary/Treasurer	City of Cedar Falls
Mark Rice	Member	City of Waterloo
Tom Little	Member	Black Hawk County
Brett Vette	Administrator	

Independent Auditor's Report

Commissioners
Black Hawk County Solid Waste
Management Commission
Waterloo, Iowa

Report on the Financial Statements

We have audited the accompanying statements of net position of the Black Hawk County Solid Waste Management Commission as of June 30, 2016 and 2015, and the related statements of revenue, expenses and changes in net position and cash flows and the notes to the financial statements for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Black Hawk County Solid Waste Management Commission as of June 30, 2016 and 2015, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The accompanying Management's Discussion and Analysis on pages 4 through 6 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2016, on our consideration of the Black Hawk County Solid Waste Management Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Black Hawk County Solid Waste Management Commission's internal control over financial reporting and compliance.

HOGAN - HANSEN

HOGAN - HANSEN

Waterloo, Iowa
November 16, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Black Hawk County Solid Waste Management Commission (Commission) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2016. We encourage readers to consider this information in conjunction with the Commission's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- ◆ The Commission's operating revenue increased 6.3%, or \$343,131, from fiscal 2015 to fiscal 2016.
- ◆ The Commission's operating expenses were 1.8%, or \$108,319, less in fiscal 2016 than in fiscal 2015.
- ◆ The Commission's net position increased 0.5%, or \$87,782, from June 30, 2015 to June 30, 2016.

USING THIS ANNUAL REPORT

The Black Hawk County Solid Waste Management Commission is a single Enterprise Fund and presents its financial statements using the economic resources measurement focus and accrual basis of accounting which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis are intended to serve as an introduction to the Commission's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Commission's financial activities.

The Statement of Net Position presents information on the Commission's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statement of Revenue, Expenses and Changes in Net Position is the basic statement of activities for proprietary funds. This statement presents information on the Commission's operating revenue and expenses, nonoperating revenue and expenses and whether the Commission's financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Flows presents the change in the Commission's cash and cash equivalents during the year. This information can assist the user of the report in determining how the Commission financed its activities and how it met its cash requirements.

The Notes to the Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

FINANCIAL ANALYSIS OF THE COMMISSION

Statement of Net Position

Net position may serve over time as a useful indicator of the Commission's financial position. A summary of the Commission's net position as of June 30, 2016 and 2015 is presented below.

	2016	2015
Current assets	\$ 4,031,689	\$ 4,087,330
Noncurrent Assets		
Restricted assets	8,437,863	8,035,038
Capital assets at cost, less accumulated depreciation.....	<u>11,811,752</u>	<u>13,120,526</u>
Total Assets	<u>24,281,304</u>	<u>25,242,894</u>
Current liabilities	1,652,351	1,837,614
Noncurrent liabilities	<u>6,455,483</u>	<u>7,319,592</u>
Total Liabilities	<u>8,107,834</u>	<u>9,157,206</u>
Net Position		
Net investment in capital assets.....	9,417,227	8,480,728
Restricted.....	8,437,863	8,035,038
Unrestricted	<u>(1,681,620)</u>	<u>(430,078)</u>
Total Net Position	<u>\$ 16,173,470</u>	<u>\$ 16,085,688</u>

A portion of the Commission's 2016 net position (52%) is restricted for closure and postclosure care. State and federal laws and regulations require the Commission to place a final cover on the landfill sites and perform certain maintenance and monitoring functions at the landfill sites for a minimum of 30 years after closure. The 2016 net investment in capital assets (58%) are resources allocated to capital assets. The remaining 2016 net deficit position (10%) is the unrestricted net position that can be used to meet the Commission's obligations as they come due and is negative due to the Commission distributing approximately \$1 million per year to the member communities and the development of Cell W-2 in prior years.

Statement of Revenue, Expenses and Changes in Net Position

Operating revenue is received for fees and tonnage taxes from accepting solid waste from the residents and businesses in the county. Operating expenses are expenses paid to operate the landfill. The utilization of capital assets is reflected in the financial statements as depreciation/amortization, which allocates the cost of an asset over its expected useful life. Nonoperating revenue and expenses include interest income, changes in the fair value of investments and rent from leasing land owned for future development. A summary of revenue, expenses and changes in net position for the years ended June 30, 2016 and 2015 is presented below:

	2016	2015
Operating revenue.....	\$ 5,749,726	\$ 5,406,595
Operating expenses	<u>5,839,473</u>	<u>5,947,792</u>
Operating Loss.....	(89,747)	(541,197)
Net nonoperating revenue	<u>177,529</u>	<u>158,226</u>
Change in Net Position	87,782	(382,971)
Net Position - Beginning of Year.....	<u>16,085,688</u>	<u>16,468,659</u>
Net Position - End of Year	<u>\$ 16,173,470</u>	<u>\$ 16,085,688</u>

In fiscal year 2016, operating revenue increased by \$343,131, or 6.3%, primarily a result of a tipping fee increase. Operating expenses decreased by \$108,319, or 1.8%, mainly due to a decrease in the change in accounting estimate for remaining landfill capacity and cost of future closure and postclosure care.

Statement of Cash Flows

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, noncapital financing, capital and related financing and investing activities. Cash provided by operating activities in fiscal year 2016 includes landfill fees and tonnage taxes reduced by payments to employees and to suppliers. Cash used in capital and related financing activities in fiscal year 2016 includes the purchase of capital assets. Cash provided by investing activities in fiscal year 2016 includes purchases of securities, sales and maturities of securities and interest income.

CAPITAL ASSETS

As of June 30, 2016, the Commission had approximately \$11.8 million invested in capital assets, net of accumulated depreciation/amortization of approximately \$19.8 million. Depreciation and land amortization charges totaled \$1,445,633 for fiscal year 2016. More detailed information about the Commission's capital assets is presented in Note 3 to the financial statements.

LONG-TERM DEBT

During 2014, the Commission issued \$5,935,000 of general obligation bonds through Black Hawk County which was used to pay the cost of landfill cell construction. As of June 30, 2016, total Commission long-term debt was \$3,615,00 plus unamortized premium of \$88,300 for total long-term debt of \$3,703,300.

ECONOMIC FACTORS

The Commission's primary source of revenue is landfill fees. Landfill tipping fees will increase in each of the next four years in order to fund the significant future costs of new landfill cell development and construction expected in the next several years. Operating expenditures in fiscal year 2017 excluding the change in estimates for closure and postclosure care costs are expected to remain about the same as expenditures for fiscal year 2016.

COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Black Hawk County Solid Waste Management Commission, P.O. Box 208, Waterloo, Iowa 50704-0208.

Basic Financial Statements

As of June 30, 2016 and 2015

	2016	2015
Assets		
Current Assets		
Cash		
Unrestricted	\$ 3,340,645	\$ 3,119,860
Restricted for ton tax expenditures.....	386,763	402,098
Bond proceeds restricted for capital assets.....	—	277,936
Trade accounts receivable (net of allowance for doubtful accounts)	299,446	284,009
Prepaid insurance	<u>4,835</u>	<u>3,427</u>
Total Current Assets	<u>4,031,689</u>	<u>4,087,330</u>
Noncurrent Assets		
Restricted Assets		
Cash restricted for closure and postclosure care	4,236,909	3,896,969
Restricted investments held by trustee for EPA postclosure	<u>4,200,954</u>	<u>4,138,069</u>
Total Restricted Assets	<u>8,437,863</u>	<u>8,035,038</u>
Capital Assets, Net of Accumulated Depreciation/ Amortization	<u>11,811,752</u>	<u>13,120,526</u>
Total Noncurrent Assets	<u>20,249,615</u>	<u>21,155,564</u>
Total Assets	<u>\$ 24,281,304</u>	<u>\$ 25,242,894</u>
Liabilities and Net Position		
Current Liabilities		
Current maturity of bond payable.....	\$ 1,195,000	\$ 1,185,000
Accounts payable	451,326	507,238
Accrued interest payable	6,025	7,012
Retainages payable.....	<u>—</u>	<u>138,364</u>
Total Current Liabilities	<u>1,652,351</u>	<u>1,837,614</u>
Noncurrent Liabilities		
Estimated accrued cost of landfill closure and postclosure care.....	3,947,183	3,586,858
Bond payable	<u>2,508,300</u>	<u>3,732,734</u>
Total Noncurrent Liabilities	<u>6,455,483</u>	<u>7,319,592</u>
Total Liabilities	<u>8,107,834</u>	<u>9,157,206</u>
Net Position		
Net invested in capital assets	9,417,227	8,480,728
Restricted for closure and postclosure care - EPA.....	4,200,954	4,138,069
- Iowa DNR.....	4,236,909	3,896,969
Unrestricted	<u>(1,681,620)</u>	<u>(430,078)</u>
Total Net Position	<u>16,173,470</u>	<u>16,085,688</u>
Total Liabilities and Net Position	<u>\$ 24,281,304</u>	<u>\$ 25,242,894</u>

See accompanying notes to the financial statements.

Statements of Revenue, Expenses and Changes in Net Position

Years Ended June 30, 2016 and 2015

	2016	2015
Operating Revenue		
Landfill fees	\$ 5,529,623	\$ 5,191,761
Commission's share of tonnage tax	220,103	214,834
Total Operating Revenue	<u>5,749,726</u>	<u>5,406,595</u>
Operating Expenses		
Landfill operating fees	2,610,304	2,747,485
Current amount of total estimated cost of landfill closure and postclosure care.....	378,127	290,669
Changes in accounting estimates for remaining landfill capacity and cost of future closure and postclosure care	362,592	666,310
Depreciation and amortization	1,445,633	1,202,760
Contracted staff compensation	136,747	135,177
Administrative contract services	50,267	51,481
Professional fees.....	67,506	121,501
Insurance	6,763	8,439
Office supplies, postage and telephone	10,315	6,888
Projects and awards funded by tonnage tax	235,441	193,024
Other awards.....	509,772	509,732
Other	26,006	14,326
Total Operating Expenses	<u>5,839,473</u>	<u>5,947,792</u>
Operating Loss	<u>(89,747)</u>	<u>(541,197)</u>
Nonoperating Revenue (Expenses)		
Interest income	119,748	136,637
Amortization of bond premium	29,433	29,433
Unrealized loss on investments	(24,735)	(41,352)
Realized loss on investments	(3,398)	(3,281)
Other revenue	57,920	45,759
Other expenses	(1,439)	(8,970)
Net Nonoperating Revenue	<u>177,529</u>	<u>158,226</u>
Change in Net Position	87,782	(382,971)
Net Position - Beginning of Year.....	16,085,688	16,468,659
Net Position - End of Year	<u>\$ 16,173,470</u>	<u>\$ 16,085,688</u>

See accompanying notes to the financial statements.

Statements of Cash Flows

Years Ended June 30, 2016 and 2015

	2016	2015
Cash Flows From Operating Activities		
Cash received from landfill fees.....	\$ 5,514,186	\$ 5,214,896
Cash collected for tonnage and sales taxes	550,264	540,522
Cash paid to other governments for tonnage and sales taxes ..	(386,411)	(325,688)
Cash paid to or on behalf of employees for services.....	(136,747)	(135,177)
Cash paid to suppliers for goods and services.....	<u>(3,517,445)</u>	<u>(3,576,177)</u>
Net Cash Provided by Operating Activities	<u>2,023,847</u>	<u>1,718,376</u>
Cash Flows From Noncapital Financing Activities		
Other nonoperating income sources.....	57,920	45,759
Other nonoperating expenses	<u>(1,439)</u>	<u>(8,970)</u>
Net Cash Provided by Noncapital Financing Activities	<u>56,481</u>	<u>36,789</u>
Cash Flows From Capital and Related Financing Activities		
Payments for acquisition of property and equipment	(192,060)	(3,368,357)
Payments for reclamation costs.....	(380,394)	(339,880)
Principal paid on bond payable.....	(1,185,000)	(1,135,000)
Interest paid on bond payable	<u>(84,150)</u>	<u>(140,863)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(1,841,604)</u>	<u>(4,984,100)</u>
Cash Flows From Investing Activities		
Payment for purchase of investments.....	(490,000)	(550,000)
Cash received on sale of investments	490,000	550,000
Cash received on maturity of certificate of deposit.....	—	1,030,470
Interest received.....	<u>28,730</u>	<u>36,438</u>
Net Cash Provided by Investing Activities	<u>28,730</u>	<u>1,066,908</u>
Net Increase (Decrease) in Cash	267,454	(2,162,027)
Cash at Beginning of Year.....	<u>7,696,863</u>	<u>9,858,890</u>
Cash at End of Year.....	<u>\$ 7,964,317</u>	<u>\$ 7,696,863</u>

See accompanying notes to the financial statements.

Statements of Cash Flows

Years Ended June 30, 2016 and 2015

	2016	2015
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating loss	\$ (89,747)	\$ (541,197)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities, Net of Noncash Investing and Financing Activities		
Depreciation	187,064	195,968
Amortization of site costs	1,258,569	1,006,792
Current amount of total estimated cost of landfill closure and postclosure	378,127	290,669
Change in accounting estimate for remaining landfill capacity and future landfill closure and postclosure care costs	362,592	666,310
Change in Assets and Liabilities		
Increase (decrease) in accounts receivable	(15,437)	23,135
Increase (decrease) in prepaid insurance	(1,408)	2,470
Increase in accounts and retainages payable	337	21,160
Increase (decrease) in ton tax payable	<u>(56,250)</u>	<u>53,069</u>
Net Cash Provided by Operating Activities	<u>\$ 2,023,847</u>	<u>\$ 1,718,376</u>
Reconciliation of Cash to Specific Assets Included on the Statement of Net Position		
Current Assets		
Unrestricted	\$ 3,340,645	\$ 3,119,860
Restricted for ton tax expenditures	386,763	402,098
Bond proceeds restricted for capital assets	—	277,936
Noncurrent Assets		
Restricted for closure and postclosure care	<u>4,236,909</u>	<u>3,896,969</u>
Cash at End of Year	<u>\$ 7,964,317</u>	<u>\$ 7,696,863</u>

See accompanying notes to the financial statements.

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies and Other Matters

Nature of Business

The Black Hawk County Solid Waste Management Commission (Commission) owns a landfill site in Black Hawk County which is operated and maintained under contract for a monthly fee computed in accordance with the contract fee schedule. The contract is with Waste Tech, Inc. through June 30, 2016. The Commission grants credit to governmental and private sector customers, substantially all of whom are located in Black Hawk County.

The Commission functions as a "Public Agency" as defined in Chapter 28E of the Code of Iowa. The Commission was formed as a joint venture between Black Hawk County and several municipalities within the County. It is operated as an enterprise fund, and accordingly, the financial statements are presented on the accrual basis of accounting. The local governments which formed the Commission are liable for unpaid debts of the Commission should the Commission be unable to meet its obligations.

Reporting Entity

For financial reporting purposes, the Black Hawk County Solid Waste Management Commission has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The Commission has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Commission are such that exclusion would cause the Commission's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Commission to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Commission. The Black Hawk County Solid Waste Management Commission has no component units which meet the Governmental Accounting Standards Board criteria.

Basis of Presentation

The accounts of the Commission are organized as an enterprise fund. Enterprise funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (2) where the governing body has decided that periodic determination of revenue earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Commission distinguishes operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with the Commission's principal ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies and Other Matters

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenue and expenses.

Cash and Certificates of Deposit

All of the Commission's deposits in banks as of June 30, 2016 were entirely covered by federal depository insurance or the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. The Chapter provides for additional assessments against the depositories to insure that there will be no loss of public funds. The June 30, 2016 amount of the Commission's deposits was \$7,962,756 as reflected on the financial institutions' records. The Commission has a written investment policy and is authorized by statute to invest public funds in obligations of the United States Government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the members of the Commission and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high-rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

For purposes of the statements of cash flows, the Commission considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents, except that the Commission excludes all restricted investments held by a trustee from classification as cash equivalents.

Investments

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

As of June 30, 2016 and 2015, the Commission had the following assets held by a trustee:

	Fair Value	Maturities in Years Ending June 30,		
		2017	2018-2022	2023-2027
June 30, 2016				
Money market fund.....	\$ 438,162	\$ 438,162	\$ —	\$ —
Mutual funds - U.S.				
Government bond funds	1,667,871	1,667,871	—	—
U.S. Agency securities	<u>2,094,921</u>	<u>479,646</u>	<u>1,615,275</u>	<u>—</u>
	<u>\$ 4,200,954</u>	<u>\$ 2,585,679</u>	<u>\$ 1,615,275</u>	<u>\$ —</u>
	Fair Value	Maturities in Years Ending June 30,		
		2016	2017-2021	2022-2026
June 30, 2015				
Money market fund.....	\$ 404,910	\$ 404,910	\$ —	\$ —
Mutual funds - U.S.				
Government bond funds	1,698,981	1,698,981	—	—
U.S. Agency securities	<u>2,034,178</u>	<u>495,667</u>	<u>1,538,511</u>	<u>—</u>
	<u>\$ 4,138,069</u>	<u>\$ 2,599,558</u>	<u>\$ 1,538,511</u>	<u>\$ —</u>

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies and Other Matters

Interest Rate Risk. The Commission's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the Commission.

Credit Risk. The Commission's investment in U.S. Government securities and U.S. Agency securities consists of bonds which are rated Aaa by Moody's Investors Service. The money market fund and investment in government mutual fund are unrated.

Concentration of Credit Risk. The Commission has an investment policy that limits the amount invested in certain securities. No more than 10% of the investment portfolio is to be invested in prime bankers' acceptances with no more than 5% in that of a single issuer and no more than 10% of the investment portfolio to be invested in commercial paper or other short-term corporate debt with no more than 5% in that of a single issuer. As of June 30, 2016 and 2015, the Commission did not have any investment in either of these types of securities.

Restricted Assets

Funds set aside for payment of closure and postclosure care costs are classified as restricted.

Income Taxes

In accordance with Internal Revenue Code Section 501(c)(1), the Commission is exempt from federal income taxes; therefore, no provision for income taxes is reflected in the financial statements.

Capital Assets

Capital assets are stated at cost and are capitalized if their cost is generally greater than \$2,500 and estimated useful life is more than one year. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of fixed assets is reflected in the capitalized value of the asset constructed over the same period. The Commission follows the general policy of depreciating building and equipment costs and amortizing certain land development costs under the straight-line method over the shorter of their estimated useful lives or the remaining life of the landfill. Although the estimated life of the current landfill cell was shorter as of June 30, 2016, the building and equipment costs are being depreciated over the following estimated useful lives because management plans to use those assets on adjacent cells when the current cell is filled.

Type	Estimated Useful Lives
Land development costs.....	10 - 20 Years
Building	10 - 20 Years
Equipment	5 - 10 Years

Depreciation expense charged to operations was \$187,064 and \$195,968 for the years ended June 30, 2016 and 2015, respectively.

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies and Other Matters

Certain land development costs and the cost of the landfill site, net of its estimated salvage value, are being amortized each year on the basis of the number of tons of waste disposed as a percentage of the total site capacity. Amortization expense of the site and its development costs for the years ended June 30, 2016 and 2015 were \$1,258,569 and \$1,006,792, respectively.

Landfill Closure and Postclosure Costs

As disclosed further in Note 5, the estimated total current cost of closure and postclosure care is recognized as an expense and as a liability in each period in which solid waste is accepted, based upon landfill usage rather than the passage of time. Amounts held by a trustee to provide financial assurances for landfill closure and postclosure care of areas under EPA regulation are stated at fair value in the asset section of the accompanying statements of net position rather than as a reduction of the estimated liability for landfill closure and postclosure care.

(2) Cash Flow Statement Supplementary Information

	2016	2015
Schedule of Noncash Investing and Financing Activities		
Interest Income Added to Certificate of Deposit	<u>\$ —</u>	<u>\$ 2,621</u>
Net Investment Income Added to Restricted Trust Assets	<u>\$ 91,018</u>	<u>\$ 97,578</u>
Net Realized and Unrealized Decrease in the Fair Value of Restricted Trust Assets	<u>\$ (28,133)</u>	<u>\$ (44,633)</u>
Amortization of Bond Premium	<u>\$ 29,433</u>	<u>\$ 29,433</u>
Net Cash Paid for Interest (net of amount capitalized 2016 - \$83,163; 2015 - \$69,531)	<u>\$ 987</u>	<u>\$ 71,332</u>
Cost of property and equipment.....	\$ 136,858	\$ 3,490,364
Capitalized interest.....	(83,162)	(69,531)
Amounts Payable		
Current year	—	(138,364)
Prior year	138,364	85,888
Cash Paid for Property and Equipment	<u>\$ 192,060</u>	<u>\$ 3,368,357</u>

Notes to the Financial Statements

(3) Capital Assets

Capital asset activity for the years ended June 30, 2016 and 2015 was as follows:

	Balance June 30, 2014	Increase	Decrease	Balance June 30, 2015	Increase	Decrease	Balance June 30, 2016
Capital Assets Not Being Depreciated							
Construction in progress	\$ 1,641,943	\$ 3,285,444	\$ 4,927,387	\$ —	\$ —	\$ —	\$ —
Capital Assets Being Depreciated/Amortize							
Landfill site	4,240,865	160,012	—	4,400,877	—	—	4,400,877
Land development costs	18,621,639	4,927,387	—	23,549,026	89,080	—	23,638,106
Building	3,092,046	—	—	3,092,046	—	—	3,092,046
Equipment	471,309	44,908	25,672	490,545	47,779	—	538,324
Total Capital Assets Being Depreciated/ Amortized	26,425,859	5,132,307	25,672	31,532,494	136,859	—	31,669,353
Less Accumulated Depreciation/ Amortization for							
Landfill site	818,069	—	—	818,069	—	—	818,069
Land development costs	14,553,894	1,006,792	—	15,560,686	1,258,569	—	16,819,255
Building	1,512,370	150,068	—	1,662,438	136,104	—	1,798,542
Equipment	350,547	45,900	25,672	370,775	50,960	—	421,735
Total Accumulated Depreciation/ Amortization	17,234,880	1,202,760	25,672	18,411,968	1,445,633	—	19,857,601
Net Capital Assets Being Depreciated/ Amortized	9,190,979	3,929,547	—	13,120,526	(1,308,774)	—	11,811,752
Net Capital Assets	\$ 10,832,922	\$ 7,214,991	\$ 4,927,387	\$ 13,120,526	\$ (1,308,774)	\$ —	\$ 11,811,752

Notes to the Financial Statements

(4) Assets Held by Trustee

Federal regulations require that the Commission establish a trust for the purpose of providing financial security for 30 years of postclosure care (see Note 6). The Trust's deposits and investments are stated at fair value based on quoted market prices and are summarized as follows as of June 30, 2016 and 2015:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
June 30, 2016			
Money market fund.....	\$ 438,162	\$ 438,162	\$ —
Mutual funds - U.S. bond funds	1,748,595	1,667,871	(80,724)
U.S. Agency securities	2,063,180	2,094,921	31,741
	<u>\$ 4,249,937</u>	<u>\$ 4,200,954</u>	<u>\$ (48,983)</u>
June 30, 2015			
Money market fund.....	\$ 404,910	\$ 404,910	\$ —
Mutual funds - U.S. bond funds	1,748,595	1,698,981	(49,614)
U.S. Agency securities	2,008,812	2,034,178	25,366
	<u>\$ 4,162,317</u>	<u>\$ 4,138,069</u>	<u>\$ (24,248)</u>

The calculation of realized gains or losses is independent of the calculation of the net change in the fair value of the investments.

The Trust's investments are categorized to give an indication of the level of risk assumed by the Commission at year end. The U.S. Agency Securities and government bond mutual fund are Category 3 investments which means the investments are uninsured or unregistered and held by the trustee but not in the Commission's name. Money market mutual funds are not subject to risk categorization. See Note 1 for information regarding the Commission's investment policy.

The Commission can only receive cash from the trust upon the approval of the EPA. As a result, these assets are reported as restricted assets and restricted net position on the accompanying statements of net position.

(5) Long-Term Debt

Tax-exempt general obligation bond, Series 2014B issued through Black Hawk County, Iowa, due in five annual installments on June 1 of each year, bearing interest at 1% to 2%, payable semi-annually on the 1st day of June and December each year. This bond contains various restrictive covenants of which the Commission was in compliance with as of June 30, 2016.

Notes to the Financial Statements

(5) Long-Term Debt

As of June 30, 2016, annual debt service requirements to maturity for the bonds was as follows:

	Principal	Interest	Total
Year Ending June 30,			
2017	\$ 1,195,000	\$ 72,300	\$ 1,267,300
2018	1,205,000	48,400	1,253,400
2019	<u>1,215,000</u>	<u>24,300</u>	<u>1,239,300</u>
	3,615,000	145,000	3,760,000
Unamortized bond premium	88,300	—	88,300
	<u>\$ 3,703,300</u>	<u>\$ 145,000</u>	<u>\$ 3,848,300</u>

(6) Estimated Closure and Postclosure Care Costs

The landfill site is currently regulated by the EPA for hazardous wastes and by the Iowa Department of Natural Resources (DNR) for nonhazardous wastes disposed of at the site.

DNR regulations require the reclamation of the landfill site by placing a final two-foot minimum earth covering over the project site. A portion of the total estimated cost of closure and postclosure care of the nonhazardous portion of the site (Cell W-1) is accrued each year based on the number of acre feet of landfill space used as a percentage of the total site capacity. During the years ended June 30, 2016 and 2015, \$378,127 and \$290,669, respectively, was accrued based on such usage. Accrued liability for landfill closure and postclosure care costs under DNR regulations totaled \$3,705,188 and \$3,302,248 as of June 30, 2016 and 2015, respectively.

The current active landfill cell is being constructed and filled in phases in one area of the landfill site. The four phases have been constructed and waste is being put into those areas. Due to the nature of a landfill operation, waste is being deposited into the cell using a 4 to 1 back slope method. Under this method, waste is deposited and spread across each of the constructed phases of the cell in a shape similar to a right angle. However, the closure and postclosure care cost estimates are based upon a vertical slope method which functions under the assumption that each phase of the cell is filled to capacity and then waste begins to be deposited into the next phase of the cell.

The Commission and its consulting engineer estimate that the four phases of the active landfill cell will have a capacity of 1,701,912 tons using the vertical slope method. Based upon the tonnage accepted into those cells as of June 30, 2016 and 2015, the Commission estimates that approximately 92% and 82%, respectively, of the total capacity had been used. As of June 30, 2016, the Commission estimates that the remaining life of the four constructed phases of the active landfill cell is approximately two years.

Cell W-2 construction was completed in 2014. The Commission and its consulting engineer estimate this cell will have a capacity of 859,000 tons using the vertical slope method. This cell is considered inactive until Cell W-1 has been filled based on this method. As of June 30, 2016, the Commission estimates that the life of this cell is approximately six years once active. It is expected to become an active cell during the year ending June 30, 2017.

Notes to the Financial Statements

(6) Estimated Closure and Postclosure Care Costs

The Commission has finished closing the hazardous waste area and received EPA approval of the closure. The EPA, in addition to requiring that a trust fund be established to provide funds for postclosure care (see Note 4), has instructed the Commission on what steps the EPA feels will be necessary to monitor the hazardous waste site over the 30-year postclosure period.

The Commission annually reevaluates its estimates of the remaining landfill capacity and of the future closure and postclosure care costs of certain areas of the landfill which were either in the process of closure or in postclosure as of June 30. The results of changes in those estimates were recognized as increases in operating expenses of \$362,592 and \$666,310 for the years ended June 30, 2016 and 2015, respectively.

A summary of the estimated accrued liability for landfill closure and postclosure care costs as of June 30, 2016 and 2015 is as follows:

	2016	2015
Hazardous area (EPA regulated).....	\$ 241,995	\$ 284,610
Nonhazardous area (Iowa DNR regulated).....	<u>3,705,188</u>	<u>3,302,248</u>
Total	<u>\$ 3,947,183</u>	<u>\$ 3,586,858</u>

The above costs are reflected as liabilities in the accompanying statements of net position and are based on an estimate of what it would cost to perform all closure and postclosure care in 2016. Actual costs may be higher due to inflation, changes in technology or changes in laws and regulations. In addition to the above costs, if as a result of monitoring the site, leaks of hazardous waste are discovered, the cost of compliance with regulations could become extremely large. The amount of any liability is not susceptible to estimation until it has been determined that a leak has occurred and the extent of that leak can be determined. Because no known leaks had occurred through the date of this report and the ultimate effects of any potential future leaks cannot presently be determined, no provision for any resultant liability has been made in the financial statements.

The amounts recorded on the statements of net position for closure and postclosure liabilities differ from the amounts reported in its Annual Closure Postclosure Estimate to the DNR due to a 12.5% estimated contingency made by the Commission's contract engineer for unknown costs at this point. Generally accepted accounting principles preclude the Commission from recording contingent liabilities unless it is probable that a liability has been incurred.

Chapter 455B.306(8)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The Commission has begun accumulating resources to fund these costs and, as of June 30, 2016 and 2015, assets of \$4,236,909 and \$3,896,969, respectively, were restricted for these purposes, of which \$1,834,745 and \$1,605,587, respectively, is for closure and \$2,402,164 and \$2,291,382, respectively, is for postclosure care. They are reported as restricted cash and restricted net position on the statements of net position.

(6) Estimated Closure and Postclosure Care Costs

Also, pursuant to Chapter 567-111.3(3) of the Iowa Administrative Code (IAC), since the estimated closure and postclosure care costs are not fully funded, the Commission is required to demonstrate financial assurance for the unfunded costs. The Commission has adopted the dedicated fund mechanism.

Chapter 567-111.8(7) of the IAC allows a government to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the landfill is not required to establish closure and postclosure care accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

(7) Risk Management

The Commission is a member in the Iowa Communities Assurance Pool (Pool), as allowed by Chapter 670.7 of the Code of Iowa. The Pool is a local government risk-sharing pool whose approximately 746 members include various governmental entities throughout the State of Iowa. The Pool was formed in August, 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Commission's property and casualty contributions to the risk pool are recorded as prepaid expense at the time of payment to the risk pool and allocated evenly to expense during the year. During the years ended June 30, 2016 and 2015, the Commission made payments of \$6,763 and \$8,439, respectively, to the risk pool.

(7) Risk Management

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Commission's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Commission's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the Commission's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The Commission does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, as of June 30, 2016, no liability has been recorded in the Commission's financial statements. As of June 30, 2016, settled claims had not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60-days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The Commission has discontinued purchasing Pollution Liability Insurance Coverage and instead, will self-insure this potential liability. The amount of any such liability is not susceptible to estimation until it has been determined that pollution has occurred and the extent of that pollution can be determined. Therefore, no provision for any resultant liability has been made in the accompanying financial statements.

(8) Related Party Transactions

As described in Note 1, the Commission operates as a joint venture (28E organization) between several governmental entities. The Commission earns revenue and grants credit to these entities under normal credit terms.

During the years ended June 30, 2016 and 2015, the Commission provided \$509,772 and \$509,732, respectively, to the communities served by the landfill for recycling projects.

During the years ended June 30, 2016 and 2015, the Commission made no distributions of net position to the 28E members.

Notes to the Financial Statements

(9) Operating Leases

The Commission is renting office space under two operating leases that expire June 30, 2017 and June 30, 2018. Rent expense was \$5,940 and \$4,440 for the years ended June 30, 2016 and 2015, respectively.

The following is a schedule by years of future minimum lease payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2016:

Year Ending June 30,	
2017	\$ 7,440
2018	<u>4,440</u>
	<u>\$ 11,880</u>

(10) Subsequent Events

Management has evaluated subsequent events through November 16, 2016, the date which the financial statements were available to be issued.

Subsequent to June 30, 2016 the Commission approved payment of recycling awards to member communities totaling approximately \$510,000 which is to be funded from retained tonnage taxes.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Commissioners
Black Hawk County Solid Waste
Management Commission
Waterloo, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Black Hawk County Solid Waste Management Commission as of and for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated November 16, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Black Hawk County Solid Waste Management Commission's internal control over financial reporting (internal control) to determine the audit procedures are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Black Hawk County Solid Waste Management Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Black Hawk County Solid Waste Management Commission's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified a deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Commission's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described below to be a material weakness.

16-IC-1 Financial Statement Preparation

Finding - The Commission does not have a system of internal controls that fully prepares financial statements and disclosures that are fairly presented in conformity with generally accepted accounting principles. As is inherent in many organizations of this size, the Commission has management and employees who, while knowledgeable and skillful, do not have the time to maintain the current knowledge and expertise to fully apply generally accepted accounting principles in preparing the financial statements and the related disclosures. The potential effect of this material weakness is that financial statements could contain errors and not be discovered by management.

Auditor's Recommendation - We recommend that Commission management consider obtaining additional knowledge through reading relevant accounting literature.

Commission's Response - The Commission is aware of this requirement and understands the auditor's recommendation. However, the Commission will continue to rely on its audit firm for assistance with drafting the financial statements and disclosures.

Auditor's Conclusion - Response accepted.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Black Hawk County Solid Waste Management Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs.

16-C-1 Electronic Check Retention - Chapter 554D.114 of the Code of Iowa allows the Commission to retain canceled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each canceled check. The Commission does not receive an image of the back of each canceled check.

Auditor's Recommendation - The Commission should obtain and retain images of both the front and back of canceled checks as required by Chapter 554D.114 of the Code of Iowa.

Commission's Response - The Commission is aware of this requirement and understands the auditor's recommendation. However, the Commission's bank does not offer this service for either paper or electronic statements.

Auditor's Conclusion - The Commission should consider changing banks or determine whether there is a way the current bank could comply with the requirements of the Iowa Code.

The following comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2016 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Commission. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

- A. **Questionable Disbursements** - We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- B. **Travel Expense** - No disbursements of the Black Hawk County Solid Waste Management Commission money for travel expenses of spouses of Commission officials or employees were noted.
- C. **Commission Minutes** - No transactions were found that we believe should have been included in the minutes but were not.
- D. **Deposits and Investments** - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the Commission's investment policy.
- E. **Solid Waste Tonnage Fees Retained** - We noted no disbursements or retention of solid waste fees which were not in accordance with the provisions of Chapter 455B.310 of the Code of Iowa.
- F. **Financial Assurance** - The Commission has demonstrated financial assurance for closure and postclosure care costs as provided in Section 567, Chapter 113.14(6)(i), Local Government Dedicated Fund, of the Iowa Administrative Code. Payments into the dedicated fund must be made annually for ten years or over the life of the landfill cell, if shorter. The Commissioner's active landfill cells each have an expected life of less than ten years. The calculation is as follows:

	Closure	Postclosure
Cell X and Other Closed Cells		
Total estimated costs for closure and postclosure care.....	\$ —	\$ 2,454,190
Less balance of funds held in the local dedicated fund		
as of June 30, 2015.....	<u>—</u>	<u>2,291,382</u>
Net Remaining.....	—	162,808
Divided by the approximate number of months remaining in		
the pay-in period.....	<u>N/A - None</u>	<u>2/3rds</u>
Required payment into the local dedicated fund for the		
year ended June 30, 2016.....	—	110,782
Amount spent for closure/postclosure.....	—	—
Balance of funds held in the local dedicated fund		
as of June 30, 2015.....	<u>—</u>	<u>2,291,382</u>
Required Balance of Funds to be Held in the Local		
Dedicated Fund as of June 30, 2016	<u><u>\$ —</u></u>	<u><u>\$ 2,402,164</u></u>
Amount Commission has Restricted for Closure and		
Postclosure Care as of June 30, 2016.....	<u><u>\$ —</u></u>	<u><u>\$ 2,402,164</u></u>

	Closure	Postclosure
Cell W-1 Phase I Through IV		
Total estimated costs for closure and postclosure care.....	\$ 3,050,494	Included
Less balance of funds held in the local dedicated fund		in amount
as of June 30, 2015.....	<u>1,578,890</u>	restricted
Net Remaining	1,471,604	under Cell X
Divided by the approximate number of months remaining		and other
in the pay-in period.....	<u>7/50ths</u>	closed cells
Required payment into the local dedicated fund for the		
year ended June 30, 2016.....	201,619	
Required deposit due to change in estimate	24,812	
Balance of funds held in the local dedicated fund as of		
June 30, 2015	<u>1,578,890</u>	
Required Balance of Funds to be Held in the Local		
Dedicated Fund as of June 30, 2016	<u>\$ 1,805,321</u>	
Amount Commission has Restricted for Closure and		
Postclosure Care as of June 30, 2016.....	<u>\$ 1,805,321</u>	
Asbestos Cell #2		
Total estimated costs for closure and postclosure care.....	\$ 129,964	Included
Less balance of funds held in the local dedicated fund		in amount
as of June 30, 2015.....	<u>26,697</u>	restricted
Net Remaining.....	103,267	under Cell X
Divided by the approximate number of months remaining		and other
in the pay-in period.....	<u>1/45th</u>	closed cells
Required payment into the local dedicated fund for the		
year ended June 30, 2016.....	2,727	
Amount spent for closure/postclosure	—	
Balance of funds held in the local dedicated fund as of		
June 30, 2015	<u>26,697</u>	
Required Balance of Funds to be Held in the Local		
Dedicated Fund as of June 30, 2016	<u>\$ 29,424</u>	
Amount Commission has Restricted for Closure and		
Postclosure Care as of June 30, 2016.....	<u>\$ 29,424</u>	

Black Hawk County Solid Waste Management Commission's Response to Finding

The Commission's response to the finding identified in our audit is described above. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HOGAN - HANSEN

HOGAN - HANSEN

Waterloo, Iowa
November 16, 2016